

SALES AGREEMENT

THIS AGREEMENT, made and entered into this 14th day of December 1971, by and between THE ANACONDA COMPANY, a Montana corporation, Butte, Montana, hereinafter referred to as "SELLER," and AMERICAN CHEMET CORPORATION, a Montana corporation, East Helena, Montana, hereinafter referred to as "BUYER," WITNESSETH:

WHEREAS, Seller and Buyer have entered into letter agreements since approximately July 1, 1948, whereby Seller agreed to sell and Buyer agreed to purchase and pay for fume and zinc plant roasted zinc dross; and,

WHEREAS, said parties desire to enter into a formal written agreement therefor.

NOW, THEREFORE, in consideration of the terms, covenants and conditions herein set forth, Seller and Buyer agree as follows:

1. QUANTITY: Buyer agrees to purchase from Seller up to 100 tons per calendar month each of fume or dross at the prices hereinafter set forth. Buyer may purchase additional fume from Seller each calendar month under separate letter agreements as required by the Buyer and agreeable with Seller.

2. TERM AND CANCELLATION: The term of this contract shall include all letter agreements to the date hereof and shall continue until cancelled by either party upon thirty

(30) days' prior written notice thereof given to the other party.

3. DELIVERY: Fume shall be loaded in bulk in railroad cars, f.o.b. Seller's East Helena, Montana plant. Dross shall be loaded in bulk in railroad cars, f.o.b. Seller's Black Eagle, Montana plant.

4. SAMPLING, WEIGHING AND ASSAYING: Railroad weights and samples taken of fume or dross by Seller as same is loaded will govern in making settlement hereunder. One portion of the sample taken by Seller will be sent to Buyer for its own assay. Upon completion of the assays of each sample taken, Buyer and Seller shall promptly exchange their report thereof by mail. If the assays of the Seller and Buyer are in agreement within 0.5% zinc and/or 0.5% lead, an average of the assays will be used in making settlement. In the event that the assays do not agree within 0.5% zinc and/or 0.5% lead, a portion of the sample will be sent by the Seller to an independent third party assayer who is mutually selected by Seller and Buyer. If the assay of the third party assayer falls between the assays of the parties hereto, the third party assay shall be used in making settlement. If the third party assay falls outside the results of the parties hereto, the party's assay nearest to that of the third party assay shall be used in making settlement. The cost of the third party assay shall be paid by the party whose result differs most widely from the result of the third party.

5. PRICE FOR EAST HELENA SLAG PLANT FUME: The price payable for all fume delivered under this agreement to Buyer shall be six cents (6¢) per pound of contained zinc in the fume, f.o.b. Anaconda trackage, East Helena, /when the quoted prime western delivered price is eight and twenty-five hundredths cents (8.25¢) per pound for the week of delivery of the fume.

To the six cents (6¢) per pound of zinc payable when the prime western delivered price is eight and twenty-five hundredths cents (8.25¢), there shall be added or subtracted nine-tenths cents (0.9¢) for each one cent (1¢) above or below eight and twenty-five hundredths cents (8.25¢) price for prime western delivered zinc less four-tenths cents (0.4¢), fractions in proportion.

To the amount payable for zinc content of the fume, as provided in the preceding paragraphs, there shall be added eight-tenths cents (0.8¢) per pound of lead contained in the fume for each one cent (1¢) above six and five-tenths cents (6.5¢) per pound price for lead at New York the week of delivery, fractions in proportion.

From the amount calculated for the price of fume, deduct ten dollars (\$10.00) per dry short ton.

From the amount calculated for the price of fume, deduct as follows per dry short ton:

When premium per pound of SHG for calendar month of delivery of fume is:

0.00¢ to 1.01¢; deduct \$17.50

1.01¢ to 1.26¢; deduct \$15.00

1.26¢ to 1.51¢; deduct \$12.50

1.51¢ to ---- ; deduct \$10.00

This reduction will continue until cancelled by either party giving 90 days' written notice.

6. PRICE FOR ZINC PLANT ROASTED ZINC DROSS: The same procedure used for pricing East Helena slag fume will be used to price zinc plant roasted zinc dross as provided in the preceding paragraphs except that to the six cents (6¢) per pound of zinc payable when the prime western delivered price is eight and twenty-five hundredths cents (8.25¢), there shall be added or subtracted nine-tenths cents (0.9¢) for each one cent (1¢) above or below eight and twenty-five hundredths cents (8.25¢) price for prime western delivered zinc less one hundred forty-eight thousandths cents (0.148¢) fractions in proportion.

7. PAYMENT FOR FUME AND DROSS: Buyer will make settlement at Great Falls, Montana, within thirty (30) days after the end of each month in which fume is delivered.

8. ASSIGNMENT: This agreement shall not be assigned by either party hereto without the written prior consent of the other.

9. BAG HOUSE FUME: Anaconda is willing to supply zinc plant casting bag house fume under the E. H. Fume terms of this contract with modifications as follows:

(a) Fume to be loaded in bulk in railroad cars f.o.b. trackage at Black Eagle, Montana; any different type of loading or packaging that would result in additional costs to be for the account of Buyer;

(b) Railroad weights at Black Eagle and samples taken by Seller to govern for settlement;

(c) Fume to be supplied from current production.

10. DROSS SALES: For the sale of zinc plant roasted zinc dross the following shall apply:

(a) Seller shall attempt to make at least 150 tons of dross available to Buyer each month.

(b) Seller will supply a sample to Buyer of each car of dross available.

(c) Within five (5) days from the time Buyer receives the sample, Buyer will inform Seller of its acceptance or rejection of the car available. After five (5) days, without notice from Buyer, Seller can dispose of the available car.

(d) Seller will hold a maximum of two (2) cars of Buyer accepted dross for three (3) weeks only. After three (3) weeks, Seller can dispose of any accepted cars.

11. PLANT INTERRUPTIONS: If, for any reason, Seller's operations at the East Helena slag treatment plant are interrupted or discontinued, Seller shall not be under any obligation to make delivery of fume to Buyer. It is understood that all fume delivered under this agreement is from Seller's East Helena slag plant.

12. GUARANTY: It is further understood and agreed that Seller does not guarantee the analysis, color, or physical properties of the fume.

13. LOADING: Seller will attempt to load all fume shipments for Buyer delivery from a location that will help insure Buyer requirements for properties of the fume.

14. It is understood and agreed that the zinc pricing portions of this agreement will be back dated and adjusted to February 1, 1971.

IN WITNESS WHEREOF, the corporate parties have caused these presents to be executed by their officers and representatives thereunto duly authorized and their corporate seals to be affixed hereto, the day and year first above written.

THE ANACONDA COMPANY

By *M. J. Hamilton*
General Manager
Montana Operations

ATTEST:

W. R. Gibson
Division Comptroller

SELLER

AMERICAN CHEMET CORPORATION

By
Its President

ATTEST:

Its Treasurer

BUYER